



A G R O

D U T C H

I N D U S T R I E S

L I M I T E D

(Formerly Agro Dutch Foods Limited)

18TH ANNUAL REPORT

2009-10

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BOARD OF DIRECTORS

Shri Malvinder Singh
Shri Gurpreet Singh
Shri Dilsher Singh
Dr. H.S. Garcha
Shri S.R.K. Agnihotri
Shri B.B. Huria
Shri Arvind Kalra
Shri Ajay Arora
Shri P.K. Sethi

Chairman & Managing Director
Executive Director
Director
Director
Director
Director
Director
Director
Nominee Director (IDBI Bank Ltd)

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Shri Vivek Atri

REGISTERED & CORPORATE OFFICE

S.C.O. 30, 2nd Floor, Sector 33-D, Chandigarh 160020

BANKERS / TERM LENDERS

Union Bank of India
Bank of India
State Bank of Patiala
ICICI Bank Ltd.
The Federal Bank Ltd.
Axis Bank Ltd.
IDBI Bank Ltd
State Bank of Indore
State Bank of Hyderabad
Allahabad Bank
Kotak Mahindra Bank Ltd.
Barclays Bank Plc.
DEG Germany
M & T Bank, USA

WORKS

- Village Tofapur, Near Lalru,
Distt. S.A.S. Nagar (Mohali) (Punjab)
- Village Bhagwanpura, Barwala Road, Dera Bassi
Distt. S.A.S. Nagar, (Mohali) (Punjab)
- Padalam Sugar Factory Road,
Pazhaynoor (PO) Madhurantakam,
District Kancheepuram, Tamil Nadu

REGISTRAR & SHARE TRANSFER AGENTS

M/s Karvy Computershare Pvt. Ltd.
Plot No. 17-24, Vithal Rao Nagar,
Madhapur, Hyderabad - 500081

STATUTORY AUDITORS

M/s Suresh Mittal & Associates,
Chartered Accountants
16-A Bank Colony,
Behind Amar Hospital,
Patiala

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Company will be held on Tuesday 28th September, 2010 at 10.30 A.M. at Chandigarh Institute of Hotel Management (Formerly Food Craft Institute), Sector 42-D, Chandigarh to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2010 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. S.R.K. Agnihotri, who retire by rotation & being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. B.B. Huria, who retire by rotation & being eligible, offers himself for re-appointment.
4. To consider and if thought fit pass with or without modification the following resolution, as an ordinary resolution:-
"Resolved that M/s Suresh Mittal & Associates, Chartered Accountants, the retiring auditors be and is hereby reappointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at a remuneration to be fixed by the Board of Directors and/or any committee thereof."

SPECIAL BUSINESS

5. To consider & confirm and, if thought fit, to pass with or without modification(s), the following resolution, as Special Resolution:-
"RESOLVED THAT pursuant to provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956, the allotment of 10,00,000 Equity Shares upon conversion of warrants of Rs.10/- each, at a premium of Rs.13.00 per share for cash, as determined in accordance with the relevant SEBI Guidelines/Regulations, to the Financial Investors on a preferential basis be and is hereby confirmed & ratified."
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution:-
"Resolved that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956, to the Board of Directors of the Company for mortgaging/charging all the immovable properties of the Company, wheresoever situated both present and future, and the whole or substantially the whole of the undertaking of the Company by way of 1st pari passu charge and 2nd pari passu charge in favour of State Bank of Patiala, State Bank of Indore, State Bank of Hyderabad, Allahabad Bank, Axis Bank Ltd., Union Bank of India, Federal Bank Ltd., ICICI Bank Ltd., Bank of India, IDBI Bank Ltd and DEG Germany, for securing Term Loans & Working Capital Facilities aggregating to Rs.32059.97 Lacs and Rs.13337.26 Lacs respectively together with interest, costs and other charges and expenses payable by the Company to the Banks, in terms of the Master Restructuring Agreement dated 28.12.2009 entered into or to be entered into between the Company and the Banks."
"Resolved further that the mortgage/charge created/to be created and/or all arrangement/documents executed/to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

By order of the Board

Sd/-

Vivek Atri

CFO & Company Secretary

Place : Vill. Tofapur, Punjab

Date : 14.08.2010

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF COMMENCEMENT OF MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed for 2 days from 27th September, 2010 to 28th September, 2010 (both days inclusive).

3. Members desirous of seeking any further information or clarification in respect of accounts and operations of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the meeting so that the required information can be made available at the meeting.
4. Members are requested to bring with them the attendance slips sent with this Annual Report duly completed and signed to hand it over at the entrance.
5. The Explanatory statement pursuant to Section 173 (2) of the Companies Act 1956 in respect of Item No.5 and Item No. 6 set out above is annexed hereto.
6. Members holding shares in physical form are requested to notify immediately the change in their address, if any at the Registered Office of the Company.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956.

ITEM NO.5

The Company has submitted listing application for listing of 10,00,000 equity shares upon conversion of warrants to the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. At the time of submission of listing application, the company was not aware of the pre-preferential shareholding of one of the allottee i.e. Ms. Mahinder Kaur, Proprietor, Sweet Money Solutions. The identity of the proposed allottees, their shareholding pre issue and post issue of equity shares and after conversion of the warrants is as indicated below:-

Category	Pre-Issue		After conversion of warrants, pursuant to the Resolution approved at this Meeting	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Numisma Financial Advisors Pvt Limited	-	-	7,00,000	1.28
Harveen Kaur	-	-	1,00,000	0.18
Ms. Mahinder Kaur, Proprietor, Sweet Money Solutions	2000	0.004	2,02,000	0.37
Total	2000	0.004	10,02,000	1.83%

Further, the company confirms that the issue is strictly in compliance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Therefore, confirmation and ratification of the members is being sought. None of the Directors of the Company is interested in the proposed resolution.

ITEM NO.6

The Debt of the Company was restructured through CDR Mechanism. Accordingly Term Loans and Working Capital limits were increased and reorganized in pursuance to the same. Master Restructuring Agreement (MRA) was executed on 28.12.2009. In terms of the said MRA, security was created on fixed and current assets of the Company.

As per the provisions u/s sec-293 (1)(a) of Companies Act, 1956, the Board of Directors of the Company is required to be authorized by the members at a General Meeting for creating the charge/ mortgage on fixed assets/ immovable properties of the Company.

The Directors recommend the resolution for your approval. None of the Directors of the Company is interested in the proposed resolution.

INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49.IV (G) OF THE LISTING AGREEMENT.
DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTORS
DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:-

Particulars	Mr. S.R.K. Agnihotri	Mr. B.B. Huria
Date of Birth	17 th April, 1937	1 st April, 1944
Date of Appointment	12 th November, 2004	27 th April, 2006
Qualifications	F.C.S., I.C.W.A	M.S. (Mechanical Engineering)
Expertise in specific functional area	He is a qualified Company Secretary and a Cost Accountant. He retired from Punjab Agro Industries Corp. Ltd. as Executive Director. He was on the Board of various Companies during his service with PAIC	He is a Graduate in Bachelor of Science from University of Delhi. He has also got diploma in Russian – English Translation & interpretation. He retired as General Manager of Industrial Financial Corporation of India. He also acted as Director on the Board of Industrial Development Bank of India (IDBI) as nominee of Government of India for three years.
Directorship held in other public companies (excluding foreign, private and Section 25 companies)	Raja Forgings and Gears Limited	Hind Industries Ltd. Hind Agro Industries Ltd
Membership/ Chairmanship of committees of other public companies (includes only Audit and Shareholder/ Investors Grievance Committee)	Nil	Nil
Number of shares held in the Company.	Nil	Nil

DIRECTORS' REPORT

The Directors are pleased to present the 18th Annual Report and Audited Statements of Accounts for the period ended on 31st March, 2010.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	2009-10	2008-09
Net Sales/Income	9635.61	13841.20
Other Income	864.87	822.61
Increase / (Decrease) in Stock	(1540.35)	1796.58
Total Expenditure	12380.09	16495.43
Profit /(Loss) before Int /Tax/Dep	(3458.61)	(35.04)
Interest	3516.11	2900.20
Depreciation	1601.09	1452.22
Misc Expenses W/o	38.65	41.45
Profit /(loss) before Tax	(8575.81)	(4429.00)
Provision for Taxation	2.10	25.11
Profit after Current Tax	(8577.91)	(4454.11)
Provision for deferred Tax	3142.65	1740.28
Profit/Loss after Tax	(5435.26)	(2713.83)
Extra Ordinary Items including Previous Year adjustments	761.19	724.16
Net Profit/Loss After tax	(6196.46)	(3437.99)

OPERATIONS

During the year under review, your company has achieved a turnover of Rs.96.36 Crores (previous year Rs.138.41 Crores). During the year, the Company has restructured its total debt through the CDR Mechanism of the RBI which inter alia provides for reschedulement of repayments, concession interest, deferment of repayment of Term Loans, conversion of irregular Working Capital into Working Capital Term Loan, Working Capital Demand Loan, 6% Optionally Cumulative Convertible Redeemable Preference Shares (OCCRPS).

CHENNAI PLANT

To complete commissioning work at Chennai Project, the Lenders sanctioned Term Loans in terms of Debt Restructuring by the CDR-EG. The Banks have started disbursing the requisite Term Loans for the said purpose. The commissioning work of Chennai Project being set up at Village Kolambakkam, Post Pazhayanoor (Chennai) Tamil Nadu is in final stage. The commercial production is expected in October, 2010. After production, the project will contribute positively towards the revenues of the Company.

AUDITORS

M/s Suresh Mittal & Associates, Chartered Accountants, Patiala, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment. The Board recommends their reappointment.

DIRECTORS

The Board recommends the reappointment of Sh. S.R.K. Agnihotri and Sh. B.B. Huria who retires by rotation & being eligible, offers themselves for re-appointment.

ISSUE OF CAPITAL

The Company issued 2,00,00,000 fully convertible warrants of Rs.10/- each, at a price of Rs.10/- per warrant to be converted into one equity share on 30th July, 2009. The said warrants were converted into equity shares on 15th January, 2010.

In terms of the Restructuring of Debt of the Company, 39,64,110 6% Optionally Cumulative Convertible Redeemable Preference Shares (6% OCCRP) of Rs.100/- each were issued to the Lenders on 31st March, 2010.

The Company further issued 10,00,000 (Ten Lacs) convertible warrants of Rs.10/- each, at a premium of Rs.13.00 per warrant to be converted into one equity share on 5th July, 2010 to the Financial Investors on preferential basis. Out of these warrants, 8,00,000 warrants were converted into equity shares on 23rd July, 2010.

PARTICULARS OF EMPLOYEES

The information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given as Annexure I to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibilities Statement, it is hereby confirmed:-

- i) that in the preparation of accounts for the period ended 31st March, 2010, the applicable Accounting Standards had been followed and there are no material departures;
- ii) that the selected Accounting Policies are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the year end and profit of the Company for that period;
- iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv) that the accounts have been prepared on a going-concern basis.

CEO/ CFO CERTIFICATION

The CEO (Managing Director) and the CFO of the Company have certified to the Board in the manner required under Corporate Governance Code, concerning the annual financial statement.

AUDIT COMMITTEE

The Board of Directors in their meeting held on 2nd August, 2010 have re-constituted the Audit Committee consisting of the following:-

1. Mr. S.R.K. Agnihotri
2. Mr. Arvind Kalra
3. Dr. H.S. Garcha
4. Mr. Ajay Arora
5. Mr. B.B. Huria

The constitution is in accordance with Section 292A of the Companies (Amendment) Act, 2000.

The Committee met Five times during the year. The Board of Directors has accepted all the recommendation of the Audit Committee.

CORPORATE GOVERNANCE

As required under Clause 49 of the listing agreement, a report on Corporate Governance is enclosed in this annual report. Auditor's Certificate on the compliance of Corporate Governance is also annexed with the report.

LISTING OF SHARES & SEBI REGULATION

The Equity shares of the company are listed on The Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd., Mumbai.

The listing fee for 2009-2010 has been paid on time and there being neither delisting nor suspension of shares from trading during the period under review.

INSURANCE

The company has taken the required insurance coverage for its assets against the possible risks like fire, flood, public liability, marine etc.

DEPOSITS

The Company has not invited any deposits from the public.

ACKNOWLEDGEMENTS

The Board of Directors deeply acknowledge the contribution of all the stakeholders of the Company and value their support and suggestions. The support of various Banks and other Lenders to the Company at the difficult time is worth praising and deserve heartfelt thanks. We, assure all the stakeholders that the team ADIL is fully dedicated and assure that with the continuous support, we will overcome the turbulence in this year.

For and on behalf of the Board

sd/-

Place : Village Tofapur

Malvinder Singh

Dated : 14.08.2010

Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

DISCLOSURE OF PARTICULARS UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULAR OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON 31ST MARCH 2010.

Name of Employee	Designation/ Nature of Service	Expertise (years)	Date of Commencement of Service	Qualification	Remuneration (rupees)	Age (yrs)	Previous Employment/ position held.
A. Employed throughout the period and in receipt of remuneration aggregating Rs.24,00,000 or more per annum.							
Mr. Malvinder Singh	Chairman & Managing Director	21	22.06.1992	B.E (Mech.)	46,80,000	56	Managing Director Vishwa Calibre Builders Pvt. Ltd.
Mr. Gurpreet Singh	Executive Director	17	22.06.1992	B.E (Civil)	39,00,000	42	Director Vishwa Calibre Builders Pvt. Ltd.

i) Conservation of Energy

Energy cost constitutes a major part of cost of production. The Company has installed its own co-generation power plant which would help the Company to reduce energy cost and would also lower the dependence on State Electricity Board.

ii) Technology Absorption : Not Applicable

iii) Foreign Exchange Earning and Outgo

Earnings	Rs.	7861.87 Lacs
Interest	Rs.	0.00 Lacs
Outgo:		
Capital A/c	Rs.	10.29 Lacs
Raw Material & Consumables	Rs.	354.68 Lacs
Spares & Components	Rs.	26.09 Lacs
Travelling	Rs.	40.84 Lacs
Interest & Financial Charges	Rs.	316.55 Lacs
Others	Rs.	30.99 Lacs
Repayment of term loans	Rs.	0.00 Lacs

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

The principal business of the Agro Dutch Industries Limited is growing and canning of White Button Mushrooms.

a) Industry Structure and Outlook

The Mushroom industry was facing a recessionary trend due to downturn in US and European countries, which affected the exports of the Company.

The sudden decline of euro by 20% within one month destabilised the whole market. This led to diversion of orders from EEU to US market.

The production of fresh mushroom has now stabilised and with shortage of Product with no fresh supplies from China till December the market is expected to be streamlined. Further the strengthening of Euro will also help the company to regain its market share in US.

b) Opportunities and Threats

The Company has the forward looking approach and clear vision. The Company has become world's largest integrated mushroom growing producer and exporter with an installed capacity of 60,000 TPA. The greater economy of scale, low cost of production, availability of raw materials and labour who translate into enhanced market shares/new markets for the Company. With the setting up of Can manufacturing, Easy-Open-End (E.O.E) and Six Colour Printing Line at Chennai, the Company is entering into package industry, which is a need of the hours.

c) Segment Review and Analysis

Segment has been identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization structure as well as the differential risks and returns of these segments. The Company has disclosed business Segment as the primary segment.

Types of products in each business segment.

Business Segment	Type of Products
a) Mushroom Plant	Fresh and Canned Mushrooms

The Segment Revenues, Results, Assets and Liabilities include the respective amounts. Identifiable to each of the segment and amounts allocated on a reasonable basis.

d) Outlook

With the economy of scale enjoyed by the Company and the setup of Can manufacturing, Easy-Open-End (E.O.E) and Six Colour Printing Line at Chennai, the future outlook of the Company is bright.

e) Risks and concerns

Being agro based industry, any crop failure and raw material i.e. wheat straw, paddy straw, rice husk and chicken manure etc. may result in increase in cost of production would affect the profitability of the company. Further, any change in food laws of importing countries i.e. USA, Canada, Russia, Mexico, Israel etc. may affect the profitability of the Company. The appreciation of Indian rupee is also a matter of concern of Company, being a 100% EOU.

f) Internal Control Systems and their adequacy

The Company has in place effective systems of internal control ensuring accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with laws and regulations. The internal control system commensurate with the size of the Company and nature of its business.

g) Human Resource Development/Industrial Relations

The Company ensures to upgrade the skills and competence of its human resources. The safety, welfare and development of employees receive all possible attention and receive highest priority. Industrial relations continue to be cordial and harmonious.

h) Cautionary Statement

Certain Statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Director's envisage in terms of future performance and outlook.